

From: "Donald W. Lephew" <wlephew@firstbank.com> on 04/11/2006 01:20:04 PM

Subject: Commercial Real Estate Lending

The Federal Reserve Board of Governors
20th Street and Constitutional Ave. N.W.
Washington, D.C. 20551

Dear Sirs:

I would like to comment regarding the above referenced subject. I generally do not feel compelled to comment on pending regulations, but this one is so poorly founded that I must write and express my strong opposition. I have been a banker since graduating from college for almost 27 years. It is the only career I have known and a most rewarding profession. However, regulations proposed like the one above cause me to question where our industry is going. We continue to come up with broad brush strokes that penalize us all for the mistakes of a few! Among the many reasons to oppose this regulation are:

1. This is regulatory overkill and will hurt real estate lending causing an artificial real estate recession.
2. Before imposing regulations across the board, we should first regulate banks that are making risky loans before imposing penalties on the entire industry! To be frank, the lack of regulatory review and action by the Banking Regulators is deeply disconcerting. My impression is that regulators think that capital cures all when, in fact, underwriting and credit quality can mean much more in the long run!
3. Banks, with this type regulation, may be pushed to making more unsecured loans to bypass the regulation and thus put the industry at greater risk.
4. Regulatory over reaction to the S&L crisis in the late 1980's and early 1990's in hindsight caused unneeded harm. Do not make the same mistake again.

Let's not give medicine to all the patients; well and sick...let's focus in on the sick ones that need it the most!

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Thank you.